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UNCLAS SECTION 01 OF 02 MASERU 000478

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SUBJECT: LESOTHO: CHINA'S INFLUENCE IN AFRICA

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Summary

¶1. (SBU) Lesotho's relationship with China appears to be deepening as visits by dignitaries from both countries increase and China's involvement in projects large and small expands. The political aspect of the relationship is based on Lesotho's acceptance of a "one china/two systems" policy palatable to the PRC. Incorporation of Chinese experts into various aspects of Lesotho's public sector is perceived as advantageous to the small nation's development, although regard for the 5000-plus people of Chinese origin here is often hostile. The significant role the PRC is playing in renovating the telecommunications infrastructure gives the Asian giant a large footprint in a tiny space. End Summary.

Political Accord

¶2. (SBU) The Mountain Kingdom's grateful acceptance of Chinese assistance was on display during the recent PRC National Day reception. At the September 22 program, Lesotho's Minister of Foreign Affairs announced the GOL Prime Minister's proposed December 2005 official visit to Beijing. We understand from the Chinese ambassador that discussions of the program are underway.

The Chinese Foreign Minister and Vice-foreign minister have already been to the Mountain Kingdom this year and Lesotho's Finance/Develop Planning and Telecommunications Ministers have been hosted by the PRC.

¶3. (SBU) Lesotho has made public its adherence to a "one China/two systems" policy. This position was reiterated during the FonMin's September speech. The PRC was praised for its "peaceful" resolution of conflict in Asia as well as its role in the Six Party Talks. The GOL views China's presence as a longstanding and beneficial one, particularly the PRC's building of the new national library and archives (expected to open in a few weeks) in addition to its previous construction projects, such as the nation's convention center. China has been praised by the GOL as providing the "best economic model" for the developing world, partly because of its support to the G-77 and cancellation of debt. The Forum on China - Africa Cooperation (FOACC) and the PRC's growing role in Africa are seen in a favorable light by the GOL. Lesotho plans to send a delegation to the 2006 FOACC Ministerial conference in Beijing.

TRADE AND ASSISTANCE

Lesotho's Trade with China:

¶3. (SBU) Reliable statistics are not available. However, the only significant commerce involves fabric (usually knitted fabric) provided by Chinese factories to some garment manufacturers here. The level of factory activity and type of orders vary considerably, especially with the end of the Multi-Fiber Agreement. Lesotho does not export any goods to China. Neither China nor Lesotho has sought preferential trade arrangements on a bilateral or regional basis.

(U) Environmental/Health Issues:
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¶4. (SBU) The major environmental and health concerns stem from the waste and waste water created by the manufacturing sector, especially garment and textile factories. Taiwanese companies own the vast majority of factories, however; there are no Chinese-owned facilities. Thus, China's presence does not directly create environmental or health hazards. China is not engaged in addressing environmental or health-related concerns resulting from the garment factories.

(U) Investment and Assistance:

15. (SBU) There is little or no investment by private sector or state companies, as the garment factories are mainly owned by Taiwan-based companies, plus elsewhere in Asia excluding China. Chinese humanitarian assistance is sporadic and not large-scale. Some Chinese doctors work at hospitals in Lesotho. China occasionally makes humanitarian food assistance donations, but is not a significant donor overall.

16. (SBU) Development assistance, in the form of grants, is significant, concentrating mainly on infrastructure and equipment for the government of Lesotho. Such projects are

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typically at the request of Lesotho. China financed the construction of the largest convention center in the country (approximate cost of USD 16 million) and the nearly completed new National Library and Archives building (USD 7 million). In addition, the governments of China and Lesotho have signed a grant agreement to design and install transmitter and other equipment in Lesotho to update and expand television and radio broadcast coverage in the country. Estimated cost of the project is USD 6 million. Installation of the transmitters, to be done by Chinese technicians, will begin in January 2006. The GOL has approached the Chinese Embassy (and other diplomatic missions) about support for building a new Parliament facility; no decision has been made, to the best of post's knowledge. (Note: During informal discussions with the Embassy, officials at the PRC Embassy here did not seem enthusiastic about this request.)

Military Contact and Assistance

17. (SBU) On the increase. China donated light trucks and other equipment to the Lesotho Defense Force in 2004. The LDF Commander visited China in March 2005 and mid-level military personnel have been to China for training. Due to severe budget constraints, Lesotho does not look to purchase significant amounts of military equipment or supplies from any country.

Perceptions

18. (SBU) Strongly mixed views. The GOL appreciates the amount of intention and assistance China provides, but the general population can be suspicious of Chinese, seen as clannish, culturally insensitive and taking business opportunities away from Basotho. The "Chinese" business community is a mix of Taiwanese and PRC nationals. The former are more prominent, e.g., as owners/ top managers of garment factories. The two groups seem to operate without conflict. (Note: Chinese number over 5,000 in Lesotho, according to the Chinese Embassy, although it is not clear if this includes Taiwanese, whom the Chinese consider to also be their responsibility. Chinese nationals are present not only in the garment industry, but are also operating small businesses, some in remote areas of the country.)

China/Taiwan

19. (SBU) Although the GOL supports a one-China policy, it enjoys a good relationship with Taiwanese-dominated garment industry. The PRC Embassy seems to take a hands-off approach to the garment industry as well.

Comment

11. (SBU) The bilateral relationship between the kingdom of Lesotho and the Peoples Republic of China seems a pragmatic one. China is able to offer concrete and visible contributions to the country. Her role in the human rights/democracy area is not an active one and the ties with the local population are tenuous, at best. In addition to the trips offered to senior government officials to Beijing, there are short-term military and business training programs provided by the PRC to Basotho nationals. Travel to China, and aid while there, is a complete package that seems readily accepted by Lesotho. The prominent markers of Chinese presence here, as embodied in the national library and the convention center, make a large footprint in the capital, Maseru. Quarries and small businesses around Lesotho suggest the PRC plans a long-term engagement strategy.
End Comment